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MEMORANDUM

NATIONAL SECURITY COUNCIL

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INFORMATION

August 11, 1972

HK

MEMORANDUM FOR GENERAL HAIG

FROM: Phil Odeen PKO

SUBJECT: The Situation in Cambodia

After nearly a year of effort through the VSSG Working Group, CIA has issued the first report in what will be a quarterly series wrapping up the situation in Cambodia (attached). This is a good start in presenting some consistent statistics and an analytical view of Cambodia. The high-lights follow.

FANK. The report seems optimistic in estimating FANK strength at 200,000 in July. However, it is good news that the payroll has been reduced from 240,000 to 217,000 over the past two months. Unfortunately, most of this cut is in the general reserves, which do most of the fighting, and there is little indication that the various head counts are making honest units out of the much larger territorial forces. Either the reserves and their commanders are losing fringe benefits which are being retained by other units or the reduction in actual personnel has been greater in the reserves.

Analysis shows that less than 20 percent of FANK's operational battalions have been involved in more than oue of the nearly 30 major operations conducted since November 1970. In other words a small part of the force is doing most of the fighting.

Since the Chenla II debacle in late 1971 FANK forces have been shifted closer to Phnom Penh and to the Mekong corridor. FANK strength in the Angkor Wat area has also been increased. The result has been a decline of over 20 percent in battalion days in the countryside (defined as 20km from the capital and 15km for other major military installations or urban centers).

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FANK now considers that more than 130,000 personnel have been trained. However, this figure includes the entire 35,000 original force whose training was of dubious quality as well as all those trained since 1970 who have become casualties or deserters. Some people have been trained twice - usually in different skills. I would conclude no more than half of FANK has thus far received effective training.

The enemy/FANK kill ratio dropped to 0.7:1 last December but returned to about 2:1 in recent months. However, the improved ratio appears to be due more to better FANK results against the less effective KC, who are carrying a sharply increasing part of the action, than to any improvement in FANK. (Since data are weak but the baises probably fairly constant, trends in the kill ratio are more meaningful than its absolute level.)

The Countryside. The two province maps on pages 24 and 25 illustrate how widespread enemy control is south of the Lon Nol line as most of the villages are enemy controlled and there were few combat incidents near a majority of these villages. The Takeo map also indicates that self-defense units have been organized to supplement FANK actions in a majority of areas where FANK was stationed.

The number of ralliers which had been running 200-300 a month dropped to about 50 a month in March-June. However, the number of incidents in this period was about 25 percent higher than a year earlier. Both these indicators confirm FANK's defensive posture.

The KC. The report does not include an estimate of the number of KC, apparently because the intelligence community and even CIA itself is divided on the number. However, the report does point out the rapid development of a widespread KC infrastructure:

-- in some areas the initially rudimentary infrastructure has been expanded to include recruitment of manpower for both civilian and military purposes, the formation of mass political associations, trade associations and cooperatives, cottage-type industry, and even schools for administrators of local government;

-- the NVA/VC are increasingly turning over responsibility for local administration to the KC, particularly to KC who have been trained in NVN.

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Economic Situation. The economic situation appeared stable during the first half of 1972:

-- prices actually fell;

-- government spending as well as tax receipts were below expectations;

-- rice planting was expanded.

However, the first half of the year is the prosperous period for Cambodia. Harvests tend to keep food prices down in the capital if the roads are open as they have been. It is likely that price rises will be substantial in the second half since the money supply has continued to grow rapidly because of the large government deficit which will be even larger with the recent government pay increase and the expansion of military spending for materials and construction. Since GKR foreign exchange reserve have been reduced to less than $25 million, there is no margin to overcome domestic shortages with imports.

NSSM 152. The Cambodian NSSM should be wrapped up by the end of August. The military section is completed. No significant ways of improving FANK effectiveness have been identified. The exercise has been useful in getting attention to minor improvements General Cleland wants and in laying the groundwork for a more penetrating analysis. Once the State political-economic section is completed we shall do a memo for you and HAK suggesting a few additional steps that would improve FANK. We then plan to push for a comprehensive country program memorandum under NSDM 112 so that decisions can be made on the basic Cambodian issues toward the end of the year.

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